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SOURCE Tanacsok.

The law for local councils in Hungary, prescribes that they direct and administer local economic enterprises.

Complying with Economic Council decrees, the executive committees of most county councils have already named producing, commercial, transportation, and service organizations previously under the [state?] budget which will now come under local administration. According to a schedule established by the Economic Council, the individual ministries will report to the councils, in addition to the enterprises already under local administration, the names of heavy and light industry, communication, construction, domestic trade, agricultural, and other enterprises, associations, and in some instances centers whose functions are of a local nature may be better administered by the local councils.

The functions of the enterprises coming under the administration of local councils cover a large area of the people's economy, often extending to previously unheard of branches of local administration and commerce. Therefore, economic problems confronting the councils will be more important, and will require greater preparation, organized effort and efficiency on the part of the councils and their organs.

It is essential that the county council executive committees or their appropriate organs be prepared to assume this new responsibility. Therefore, members of the council departments concerned should be experienced in problems of management of enterprises. The councils should also form the necessary cadres of personnel when the enterprises are formed or taken over, or re-school existing cadres [so that operation can continue uninterrupted during the change to local administration.] Heves County Council, among others, has already taken steps toward this end.

Besides the sense of individual responsibility of all the workers, the successful operation of the enterprises depends greatly on the personality of the director. A director must be selected and given the authority which will assure satisfactory management of the enterprise, and still allow for sufficient control by the council.

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Close cooperation should be established between the departments of the council concerned and the enterprises. One way of attaining this is through meetings of council department and enterprise leaders to discuss problems and exchange experiences.

Besides directing and managing an enterprise in the most efficient manner, one of the most important tasks of a council is planning the organization of the enterprise so that workers living in the various areas may best benefit from the products of their plant. The council also determines the classification of enterprises, corresponding to categories based on productive capacity, relative importance, etc., which have been set up by the Economic Council. Most local enterprises will be classed as Types A/21 and A/22, but it is possible that Type B/2 enterprises may occasionally be formed.

For example, there may be a number of grinding mills in a certain area of a county. The county council would then have to investigate whether it would be more advantageous, in the interest of rigid central control, to class the mills as Type B/2 enterprises, consequently forming from the otherwise independent mills, associations under the immediate administration of the county council.

The councils should see that enterprises are in good operating condition (including physical plant, manpower, machinery and raw material). Toward this end, the various departments of the council should cooperate and, if necessary, seek the advice and support of the respective ministries.

The councils should also familiarize themselves with operations in enterprises which will later come under their administration. Because these enterprises (mills, printing plants, etc.) usually cover entirely new fields, contact should be made beforehand, and an interest taken in their plans even though the councils may not actively participate in the operation of the enterprises before they come under local administration.

In a planned economy, every independently operating, financially independent enterprise must follow a previously drawn up and approved financial plan. It is a function of the council to procure the business prerequisites and the invested and circulating capital for local enterprises. The departments concerned should cooperate with financial departments of county councils or their enterprise finance section to assure sufficient circulating capital until revenues equal the cost of production.

In the budget of the councils, profits of the enterprises will be reported as income and loss as expense. Therefore, the success of its enterprises is not immaterial to the council, and special attention should be paid to the direction and control of enterprise production schedules and cost plans.

Local sources of power (car pools, raw material, manpower) should be exploited to the maximum productive capacity of the enterprises. Enterprises which cannot maintain rational production and whose continued operation is not necessitated by an especial common need should be either combined with a similar enterprise or liquidated.

The organization and conduct of bookkeeping presents an important problem to the local councils. It is essential that it always presents an accurate picture of the state of the enterprise to assure its proper management.

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